JOINT ELECTRICITY REGULATORY COMMISSION

Tariff Order

Truing up for FY 2022-23,
Annual Performance Review (APR) for FY 2023-24
and
Aggregate Revenue Requirement and Determination of Tariff for FY 2024-25

For

DND and DD Power Distribution Corporation Limited – DNDDDPDCL

Petition No. 117 of 2023
13th June, 2024

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List of Abbreviations

Abbreviation	Full Form
A&G	Administrative and General
ACoS	Average Cost of Supply
Act	The Electricity Act, 2003
AMR	Automated Meter Reading
APR	Annual Performance Review
ARR	Aggregate Revenue Requirement
ATE	Appellate Tribunal for Electricity
BOQ	Bill of Quantity
BPL	Below Poverty Line
CAGR	Compound Annualized Growth rate
Capex	Capital Expenditure
CEA	Central Electricity Authority
CERC	Central Electricity Regulatory Commission
CGS	Central Generating Stations
COD	Commercial Operation Date
Cr	Crores
DD	Daman and Diu
Discom	Distribution Company
DNH	Dadra and Nagar Haveli
DNHPDCL	DNH Power Distribution Corporation Limited
DNHDDPCL	DNH and DD Power Corporation Limited
DNHDDPDCL	DNH and DD Power Distribution Corporation Limited
DSM	Deviation Settlement Mechanism
EA 2003	The Electricity Act, 2003
ED	Electricity Department
EDDD	Electricity Department of Daman and Diu
EHT	Extra High Tension
FAR	Fixed Asset Register
FPPCA	Fuel and Power Purchase Cost Adjustment
FY	Financial Year
Gadarwara	Gadarwara Super Thermal Power Plant
GFA	Gross Fixed Assets
HT	High Tension
IEX	Indian Energy Exchange Limited
IPP	Independent Power Producer
JERC	Joint Electricity Regulatory Commission for the State of Goa and Union Territories
JGPP or GGPP	NTPC Jhanor–Gandhar Gas-Based power plants
KAPS	Kakrapar Atomic Power Station
Kawas/KGPP	NTPC Kawas Gas-Based Power Station
Kharagaon/Khargone	Khargone Super Thermal Power Plant

Abbreviation	Full Form
KHSTPP	Kahalgaon Super Thermal Power Station
KSTPP	Korba Super Thermal Power Station
Lara	Lara Super Thermal Power Plant
LT	Low Tension
MSTPL	Mauda Super Thermal Power Station
MU	Million Units
MOD	Merit Order Dispatch
MYT	Multi-Year Tariff
NTPC	National Thermal Power Corporation Ltd.
O&M	Operation and Maintenance
PGCIL	Power Grid Corporation of India Limited
PLF	Plant Load Factor
POSOCO	Power System Operation Corporation Limited
PPA	Power Purchase Agreement
R&M	Repair and Maintenance
REC	Renewable Energy Certificate
RLDC	Regional Load Despatch Centre
RoE	Return on Equity
RPO	Renewable Purchase Obligation
SBI MCLR	SBI Marginal Cost of Lending Rate
SECI	Solar Energy Corporation of India
SERC	State Electricity Regulatory Commission
Sipat	Sipat Super Thermal Power Station
SLC	Service Line Consumer
SLDC	State Load Despatch Centre
Solapur or SLP	Solapur Super Thermal Power Station
SOP	Standard of Performance
TAPS	Tarapur Atomic Power Station
T&D	Transmission & Distribution Loss
TVS	Technical Validation Session
UI	Unscheduled Interchange
UT	Union Territory
VSTPP	Vindhyachal Super Thermal Power Station

Before the
Joint Electricity Regulatory Commission
For the State of Goa and Union Territories, Gurugram

CORAM

Sh. Alok Tandon, Chairperson

Smt. Jyoti Prasad, Member (Law)

Petition No. 117/2023

Date: 13th June 2024

In the matter of

Approval for the True-up of FY 2022-23, Annual Performance Review for FY 2023-24, Aggregate Revenue Requirements (ARR) for FY 2024-25 & Distribution and Retail Tariff for FY 2024-25.

And in the matter of

Dadar and Nagar Haveli and Daman & Diu, Power Distribution Corporation Limited….

Petitioner

ORDER

1. This Order is passed in respect of Petition filed by the Dadar and Nagar Haveli and Daman & Diu, Power Distribution Corporation Limited (herein after referred to as "The Petitioner" or "DNHDDPDCL" or "The Licensee") for approval of True-up of FY 2022-23, Annual Performance Review for FY 2023-24, Aggregate Revenue Requirements (ARR) and determination of Retail Tariff for FY 2024-25 before the Joint Electricity Regulatory Commission (herein after referred to as "The Commission" or "JERC").
2. The Commission scrutinised the said Petition and generally found it in order. The Commission admitted the Petition on 21st December, 2023. The Commission thereafter requisitioned further information/clarifications on the data gaps observed to take a prudent view of the said Petition. The Commission also held a Technical Validation Session to determine sufficiency of data and the veracity of the information submitted. Further, suggestions/comments were invited from the public/stakeholders. The Public Hearing was held on 6th February'2024 at Daman and Silvassa and on 8th February'2024 at Diu, to enable the stakeholders to comment, if any, related to the Petition filed by the Petitioner.

3. The Commission, based on the Petitioner's submission, relevant JERC MYT Tariff Regulations, 2021, facts of the matter and after proper due diligence has approved the True-up of FY 2022-23, APR of FY 2023-24 and proposed ARR along with the Retail Tariff for FY 2024-25.
4. A Summary has been provided as follows:
   i. The Commission while truing up of FY 2021-22 in Tariff Order dated 30th March, 2023 had determined the cumulative revenue gap as NIL at the end of FY 2021-22.
   ii. The Commission in this Order has trued up for FY 2022-23 and has approved Annual Revenue Requirement of Rs. 5,997 Crore vis-à-vis actual revenue of Rs. 5,896 Crore, resulting in standalone revenue gap of Rs. 101 Crore for FY 2022-23. The same has been carried forward in the ARR of FY 2024-25 along with applicable carrying cost.
   iii. The Aggregate Revenue Requirement, revenue at existing tariff and standalone gap/(surplus) as submitted by the Petitioner and approved by the Commission for FY 2022-23, FY 2023-24 and FY 2024-25 are as follows:

Table 1 Aggregate Revenue Requirement ***(Rs. Crore)***

S. No.	Particulars	FY 2022-23		FY 2023-24		FY 2024-25	
		Petitioner's Submission	Approved by Commission	Petitioner's Submission	Approved by Commission	Petitioner's Submission	Approved by Commission
1	Net Revenue Requirement	6,008	5,997	5,966	5,901	5,889	5,791
2	Less: Revenue at existing tariff	5,896	5,896	5,615	5,614	5,571	5,508
3	Standalone Gap/(Surplus)	112	101	351	287	318	284

   iv. Further, for FY 2023-24, the Commission has approved revised Net Revenue Requirement of Rs. 5,901 Crore and projected revenue of Rs. 5,614 Crore at existing tariff, which has resulted in standalone revenue gap of Rs. 287 Crore. The same, being still an estimation, has not been carried forward in the ARR of FY 2024-25 adhering to the JERC MYT regulations, 2021.
   v. Moreover, for FY 2024-25, the Commission has approved revised Net Revenue Requirement of Rs. 5,791 Crore and projected revenue of Rs. 5,508 Crore at existing tariff, which has resulted in standalone revenue gap of Rs. 284 Crore.

vi. Considering the Aggregate Revenue Requirement for FY 2024-25 and the revenue from sale of power at existing tariff, the Retail Tariff have been approved in "Chapter 6: Tariff Principles and Design" of this Order for the consumers.

vii. The open access consumers shall pay charges in accordance with charges determined in "Chapter 7: Open access charges for FY 2024-25" of this order.

5. This Order shall come into effect from 16th June, 2024 and shall remain applicable till further Orders.
6. The Petitioner shall publish the tariff as determined by the Commission in this Order within one week of receipt of the Order in three daily newspapers in the respective local languages of the region, besides English, having wide circulation in their respective areas of supply and also upload the Tariff Order on its website.
7. The attached documents giving detailed reasons, grounds and conditions are integral part of this Order.

Ordered accordingly.

Sd/-	**Sd/-**
(Jyoti Prasad)	(Alok Tandon)
Member (Law)	Chairperson

Place: Gurugram, Haryana

Date: 13th June 2024

Chapter 1: Introduction

1.1 About Joint Electricity Regulatory Commission

In exercise of powers conferred by the Electricity Act 2003, the Central Government constituted a Joint Electricity Regulatory Commission for all the Union Territories except Delhi to be known as "the Joint Electricity Regulatory Commission for the Union Territories" vide notification no. 23/52/2003-R&R dated May 2, 2005. Later with the joining of the State of Goa, the Commission came to be known as "Joint Electricity Regulatory Commission for the State of Goa and Union Territories" (hereinafter referred to as "the JERC" or "the Commission") vide notification no. 23/52/2003-R&R (Vol. II) dated May 30, 2008.

JERC is a statutory body responsible for Regulation of the Power Sector in the State of Goa and the Union Territories of Andaman & Nicobar Islands, Lakshadweep, Chandigarh, Dadra & Nagar Haveli and Daman & Diu and Puducherry, consisting of generation, transmission, distribution, trading and use of electricity. Its primary objective includes taking measures conducive to the development of the electricity industry, promoting competition therein, protecting interest of consumers and ensuring uninterrupted and quality power at affordable rates to all areas under its jurisdiction.

1.2 About DNH and DD

The Union Territory of Dadra & Nagar Haveli and Daman & Diu (DNH-DD) has been formed by merging two erstwhile UTs, namely Dadra & Nagar Haveli (DNH) UT and Daman & Diu (DD) UT, on 26th January, 2020, through an Act passed in the Parliament of India.

Dadra and Nagar Haveli (hereinafter referred to as "DNH") is spread over 491 sq. km, has 72 villages with a population of 3,42,853 as per Census 2011. The natural attractions of this region have made it a popular tourist destination in the Western region of India. Additionally, due to liberalized policies of Central Government of tax benefits, the UT has also developed into a highly industrialized area.

The rapid development of the DNH has led to an increase in the demand for power. Presently, ~93% of total sales are to HT and LT industrial consumers. The peak demand of this territory was around 875 MW in FY 2021-22 as per CEA. DNH has also achieved 100% electrification which further contributes to the increasing demand for power. Daman and Diu (hereinafter referred to as "DD") covers a total area of 112 sq. km, with the Daman District comprising of an area of 72 sq. km and Diu District of 40 sq. km. The rapid development of the DD has led to an increase in the demand for power. Presently, ~83% of total sales are to HT and LT industrial consumers. The peak demand of this territory was around 371 MW in FY 2021-22 as per CEA. DD has also achieved 100% electrification which further contributes to the increasing demand for power.

1.3 DNH and DD Power Distribution Corporation Ltd.

DNH and DD Power Distribution Corporation Limited hereinafter referred to as "DNHDDPDCL" or "Utility") has been incorporated and reconstituted from the erstwhile DNH Power Distribution Corporation Limited (hereinafter referred to as "DNHPDCL") and the Electricity Department of Daman and Diu (hereinafter called "EDDD"). DNHDDPDCL is engaged in the electricity distribution business w.e.f. 1st April, 2022.

The distribution network at Dadra & Nagar Haveli is supported by 66/11 kV sub-stations, which are as:

Table 1-1 66/11 kV Sub-Transmission system feeding Distribution system of DNHDDPDCL at DNH

S. No.	Particulars	UoM	Capacity
1	66/11 kV Amli	MVA	70
2	66/11 kV Dadra	MVA	90
3	66/11 kV Masat	MVA	75
4	66/11 kV Rakholi	MVA	70
5	66/11 kV Kharadpada	MVA	52
6	66/11 kV Silli	MVA	50
7	66/11 kV Khadoli	MVA	90

S. No.	Particulars	UoM	Capacity
8	66/11 kV Khanvel	MVA	25
9	66/11 kV Athal	MVA	40
10	66/11 kV Vaghdhara	MVA	35
11	**Total**	**MVA**	**597**

Further, the distribution network at Daman & Diu is supported by 66/11 kV sub-stations, which are as:

Table 1-2 66/11 kV Sub-Transmission system feeding Distribution system of DNHDDPDCL at DD

S. No.	Particulars	UoM	Capacity
1	66/11 kV Magarwada	MVA	30
2	66/11 kV Kachigam	MVA	95
3	66/11 kV Dabhel	MVA	90
4	66/11 kV Dalwada	MVA	75
5	66/11 kV Varkund	MVA	42
6	66/11 kV Ringanwada	MVA	50
7	66/11 kV Bhimpore	MVA	25
8	66/11 kV Kachigam-II	MVA	45
9	66/11 kV Malala, Diu	MVA	20
10	**Total**	**MVA**	**472**

The Distribution network transferred to DNHDDPDCL from erstwhile DNHPDCL and EDDD as on 01.04.2022 is as:

Table 1-3 Distribution Network Characterstics of DNHDDPDCL as on 0.104.2022

S. No.	Particulars	UoM	Capacity
1	LT Line	Km	2,310
2	11 kV Line	Km	1,186
3	11 kV Substations	Nos.	2,331
4	Distribution Capacity at 11 kV	MVA	656
5	Consumer (LT)	Nos.	1,50,249
6	Consumer (HT/EHT)	Nos.	1,641

1.4 Multi Year Tariff Regulations, 2021

DNHDDPDCL's tariff determination is now governed by "Joint Electricity Regulatory Commission for the State of Goa and Union Territories (Generation, Transmission and Distribution Multi Year Tariff) Regulations, 2021, hereinafter referred to as "JERC MYT Regulations", 2021. The JERC MYT Regulations, 2021 provide a framework for calculating tariffs on a cost-plus basis initially for a period of three years and allow the licensee to recover operational expenses including depreciation, interest on working capital and debt, and return on equity amongst others. The JERC MYT Regulations, 2021 segregate the items impacting tariffs into controllable and uncontrollable factors. Items that are uncontrollable are passed through to the consumers. Further, Regulation 13 of the JERC MYT Regulations, 2021 identifies the uncontrollable and controllable parameters as follows:

Uncontrollable factors include:

(a) Force Majeure events;
(b) Change in Law, judicial pronouncements and Orders of the Central Government, State Government or Commission;
(c) Variation in number of or mix of Consumers or quantities of electricity supplied to Consumers;
(d) ……….;
(e) Variation in the cost of power purchase due to variation in the rate of power purchase from approved sources, subject to clauses in the power purchase agreement or arrangement approved in the Commission;
(f) Variation in fuel cost;
(g) Change in power purchase mix;
(h) Inflation;
(i) Transmission charges for distribution licensee;
(j) Variation in market interest rates for long-term loans;
(k) Employee expenses limited to one time payment owing requirements of a pay Commission and terminal liability of employees;
(l) Taxes and Statutory levies;
(m) Taxes on income;
(n) Income from the realization of bad debts written off:

Controllable parameters include:

(a) Variations in capitalization on account of time and/or cost overruns/ efficiencies in the implementation of a capital expenditure project not attributable to an approved change in scope of such project, change in statutory levies or force majeure events;

(b) Variation in Interest and Finance Charges, Return on Equity, and Depreciation on account of variation in capitalization, as specified in clause (a) above;

(c) Variations in technical and commercial losses of Distribution Licensee;

(d) ……….;

(e) ……….;

(f) Variation in performance parameters;

(g) Failure to meet the standards specified in the Joint Electricity Regulatory Commission for the State of Goa & UTs (Standard of Performance for Distribution Licensees) Regulation, 2015, as amended from time to time;

(h) Variations in labour productivity;

(i) Variation in O&M Expenses, except to the extent of inflation;

(j) Bad debts written off, in accordance with the provisions of Regulation 63;

1.5 Policy Directions

As mentioned in paragraph 1.3 of this order, a Government Policy Direction under Section 109 read with Section 108 of the Electricity Act, 2003 was issued by the Government of India vide gazette notification no. 1(FTS-118044)/Electricity Distribution/Privatisation/2022/412 dated 09/03/2022 wherein Clause 4.5 (a) of the stipulates as follows:

> *"In the larger public interest the Government has undertaken financial restructuring to provide a viable Opening Balance Sheet to the Distribution Company. Accordingly, the Distribution Company's ARR shall hereafter be decided based on the restructured Opening Balance Sheet and shall remain unaffected from the impact of any True-up of period prior to Transfer Date. Any surplus/gap arising due to True-up for the past period shall be passed on to consumer by way of adjustment in the ARR for the Electricity Department/DNHPDCL in respect of its residual transmission business, in the manner as may be decided by the Commission."*

1.6 Filing and Admission of the Present Petition

In accordance with the Regulation 9.1 of the JERC MYT Regulations, 2021 the Petitioner filed the Petition for approval of True-up of FY 2022-23, APR of FY 2023-24 and ARR for FY 2024-25. Further, under the same Petition, the Petitioner in accordance with the Regulation 9.1 of the JERC MYT Regulations, 2021 filed the Petition for Annual Performance Review for FY 2023-24, Aggregate Revenue Requirements (ARR) for FY 2024-25 and Distribution and Retail Tariff for FY 2024-25 for the Distribution Business left with DNHDDPDCL in line with the guidelines of Transfer Scheme dated March 09, 2022.

After initial scrutiny/analysis, the present Petition was admitted on 21st December, 2023 and marked as Petition No. 117/2023.

1.7 Interaction with the Petitioner

A preliminary scrutiny/analysis of the Petition was conducted, and certain deficiencies were observed. Accordingly, deficiency notes were issued to the Petitioner. Further, additional informations/clarifications were solicited from the Petitioner as and when required. The Commission and the Petitioner also discussed various concerns of the Petitioner and key data gaps, which included retail sales, revenue from retail tariff, capitalization, tariff proposal etc. The Petitioner submitted its response on the issues through various letters/emails. The Commission conducted the Technical Validation Session (TVS) with the Petitioner at the Commission's office in Gurugram, during which the discrepancies in the Petition were conveyed and additional informations required by the Commission was sought. Subsequently, the Petitioner submitted replies to the issues raised in this session and provided documentary evidence to substantiate its claims regarding various submissions.

The following table provides the list of interactions with the Petitioner along with the dates:

Table 1-4 List of Interactions with the Petitioner

S. No.	Subject	Date
1	Receipt of Petition by the Commission	30th November, 2023
2	Admission of the Petition by the Commission	21st December, 2023
3	1st Deficiency Note issued by the Commission	23rd January, 2024
4	Reply to the 1st Deficiency Note received by the Commission	20th February, 2024
5	Additional information asked by the Commission	24th January, 2024
6	Reply to the Additional information received by the Commission	21st February, 2024
7	Technical Validation Session (TVS) with Petitioner at JERC Office	18th April, 2024

1.8 Notice for Public Hearing

Public notices were published by the Petitioner, inviting suggestions/comments from stakeholders on the Tariff Petition, the details of which are given below:

Table 1-5 Details of public Notices published by the Petitioner

S. No.	Name of Newspaper	Date
1	Financial Express (English)	28th December, 2023
2	Silvassa Mirror (English)	28th December, 2023
3	Times of India (English)	28th December, 2023
4	Vartaman Pravah (Hindi)	28th December, 2023
5	Daman Ganga Times (Hindi)	28th December, 2023
6	Kesari – Junagadh Edition (Hindi)	28th December, 2023
7	Asli Azadi – Daman Edition (Gujarati)	28th December, 2023
8	UT Today – Silvassa Edition(Gujarati)	28th December, 2023

The Commission also placed the petition on its website (www.jercuts.gov.in) for information and study for all the stakeholders.

The Commission also issued a notice for public hearing in the following newspapers in order to solicit wider participation by the stakeholders:

Table 1-6 List of Newspapers published by the Commission

S. No.	Name of Newspaper	1st Notice Date	2nd Notice Date	Place
1	Silvasa Mirror (English)	20th January, 2024	04th February, 2024	Silvassa
2	Nishpaksha Jansansar (Hindi)	20th January, 2024	04th February, 2024	Silvassa
3	Janadesh (Gujarati)	20th January, 2024	04th February, 2024	Silvassa
4	Ashali Azadi (Hindi)	20th January, 2024	04th February, 2024	Daman
5	Janadesh (Gujarati)	-	04th February, 2024	Daman
6	Vartaman Pravah (Gujarati)	20th January, 2024	04th February, 2024	Daman

The Commission received objections/suggestions from the consumers/ stakeholders and examined the objections/suggestions received from the stakeholders and fixed the date for public hearing for the petition on 6th February, 2024 at Daman and Silvassa and on 8th February, 2024 in Diu.

The Commission also published the notice for Public Hearing on the Commission's website "www.jercuts.gov.in" intimating the date and venues as given below in order to solicit participation by the stakeholders who have submitted their suggestions, comments and also by other stakeholders who are interested.

1.9 Adherence to the Model Code of Conduct

The Commission has noted that in view of the General Elections 2024, the Model Code of Conduct (MCC) was imposed by the Election Commission of India. The MCC was effective from 16th March 2024 to 6th June 2024.

Therefore, in view of enforcement of Model Code of Conduct, the Commission decided to issue the tariff order once the Model Code of Conduct is over.

Chapter 2: Summary of Suggestions/Comments received, Response from the Petitioner and the Commission's Views

2.1 Regulatory Process

On admitting the Petition, the Commission directed the Petitioner to make copies of the Petition available to the public, upload the petition on its website and also publish the same in the newspapers in abridged form inviting comments from the public as per the provisions of the JERC MYT Regulations, 2021.

The Public hearing was held on 6th February, 2024 from 10.30 A.M in Silvassa and from 4:00 P.M in Daman and further hearing was held on 8th February, 2024 from 10:30 A.M in Diu on Petition for the True-up of FY 2022-23, Annual Performance Review (APR) of FY 2023-24, Aggregate Revenue Requirement (ARR) for FY 2024-25 and determination of Retail tariff for FY 2024-25. During the Public Hearing, a few of the stakeholders who had submitted their comments in writing were asked to present their views in person before the Commission. Other participants from the general public, who had not submitted written comments earlier, were given an equal opportunity to express their views and suggestions in respect to the Petition.

The list of the Stakeholders is attached as **Annexure-1** to this order.

2.2 Suggestions/Comments, Response of the Petitioner and Commission's View

The Commission appreciates the efforts of various stakeholders in providing their suggestions/comments/observations to make the Electricity Distribution Sector responsive and efficient. The Commission has noted the concerns of all the stakeholders and has tried to address them to the extent possible in the Chapters on Tariff Design and Directives. Relevant observations have been suitably considered by the Commission while finalizing the Tariff Order. The submissions of the stakeholders, response of the Petitioner and views of the Commission are summarized below:

Issue 1: Petition Dismissal

The stakeholder has contended that the Petitioner has filed the present petition without consultation or approval of the holding entity and in turn requested the Commission to dismiss the petition and direct the Petitioner to file fresh petition after obtaining approval of the UT Administration of DD & DNH.

Petitioner's Response: The Petitioner submitted that the privatization process carried out by the Union Territory of DNH & DD is in accordance with the approval and guidance of the Central Govt. The Transfer Scheme has been notified after following due process of approval of the Central Govt. It may kindly be noted that the provisions of Transfer Scheme do not envisage or provide any such requirement of prior approval before filing of tariff petition. It may kindly be noted that the Petitioner is the licensee responsible for carrying out electricity distribution in the license area in accordance with the provision of the Electricity Act, 2003. In compliance to the JERC Tariff Regulations, the Petitioner has filed the petition for True up of FY 2022-23, Annual Performance Review of FY 2023-24 and Determination of Aggregate Revenue Requirement & Tariff for FY 2024-25 for Union Territory of DNH & DD on 30th November, 2023.

Commission's View: The Commission has noted the suggestion of the stakeholder and the response of the Petitioner.

Issue 2: Exorbitant Expenses claimed in Petition

The stakeholder has expressed its apprehension that some of the expenses incurred/proposed in the ARR petition are exorbitant which will lead to discomfort amongst the industries.

Petitioner's Response: The Petitioner submitted that the said apprehension is misplaced since DNHDDPDCL has claimed all expenses in accordance with the provisions of the JERC Tariff Regulations. The Petitioner has endeavored to strike a balance amongst all consumers by giving due consideration to all commercial and technical aspects while preparing the Petition.

Further, stakeholders have submitted their suggestions/ objections on the Tariff Proposal/ Petition for the kind consideration of the Hon'ble Commission. It may kindly be noted that the Petitioner has made the entire petition available on its website and also issued the advertisements in newspapers inviting objections and suggestions from the stakeholders on the petition. The Hon'ble Commission has also issued the advertisements regarding public hearing on the tariff petition on 6th & 8th Feb, 2024. Accordingly, ample opportunity is provided to all the stakeholders to submit their comments/suggestions. Further, the Hon'ble Commission issues the tariff order after giving due consideration to objections and suggestions. Thus, interest of all the stakeholders is taken care of in accordance with the provisions of the Act.

Commission's View: The Commission has noted the suggestion of the stakeholder and the response of the Petitioner.

Issue 3: Abnormal Increase in O&M Expenses

The stakeholder has referred to the O&M expenses incurred / estimated by the Petitioner during FY 2022-23, FY 2023-24 and FY 2024-25 and has compared the approved and actual O&M expenses for FY 2022-23 and contended that increase in cost is not justified.

Petitioner's Response: The Petitioner submitted that the detailed rationale for O&M Expense is already furnished in the Petition. The Petitioner would like to reiterate that it has taken over the operations with effect from 1st April 2022 and is a new licensee for the License Area. The main drivers of O&M expenses are business growth, inflation, R&M activities, exposure of the assets to general public & safety norms. Further, the Petitioner is required to adhere to much stringent Standard of Performance which requires necessary improvement in Infrastructure and O&M practices including compliance to safety norms and provisions of law. Hence, in order to ensure required level of reliability, safety and efficiency of the Network, there is a need to revamp O&M Activities entirely in the License Area. Further, the License Area is spread over ~600 Sq.kMs. Considering such geographical spread, there is need for adequate manpower and uniformly spread infrastructure to cater the consumer requirement in time and efficiently.

It may further be noted that upon takeover, the Petitioner has observed that there is an urgent need to commence regular preventive and predictive maintenance. Even as a licensee, the Petitioner is required to carry out the breakdown maintenance of the network without asking consumer for arranging manpower / material. Accordingly, the Petitioner has taken up various O&M activities for improvement of performance and compliance to various Statutory Rules and Regulations. Earlier, consumers were asked to maintain assets though Regulations provides for maintaining the same by the licensee. Thus, considering the desired level of activities, the Petitioner has deployed necessary skilled manpower in addition to transferred employees from the erstwhile entities. Further, the Petitioner has aligned them with statutory provisions and in line with prudent industry practice. .

Based on above, the Petitioner has claimed the actual O&M expenses for FY 2022-23 and estimated the expenditure for FY 2023-24 and FY 2024-25.

Commission's View: The Commission has noted the suggestion of the stakeholder and the response of the Petitioner. The same has been dealt in True-up of O&M expenses in the Chapter 3 of this Order.

Issue 4: Inflated Gap for Truing-Up Year

The stakeholder has submitted that despite additional revenue of Rs. 59.03 Crore as regulatory surcharge, the Petitioner has arrived at revenue gap of Rs. 112.06 Crore in true up of FY 2022-23. ED-DD has also pointed out the estimated cumulative surplus of Rs. 28.62 Crore approved vide order dated 30th March, 2023.

Petitioner's Response: The Petitioner submitted that any payment relating to transfer of business to the Petitioner is subject to provisions of transfer scheme.'

Further distribution business of DNH&DD was transferred to the Petitioner w.e.f 1st April, 2022, including assets and liabilities, as per the Transfer Scheme notified. Further, the recovery made through regulatory surcharge is already reflected in the revenue of FY 2022-23. Basis the trued up ARR of FY 2022-23 and the total revenue of FY 2022-23 including revenue from regulatory surcharge, the Petitioner has arrived at the trued up gap/(surplus) of Rs. 112.06 Crore. The Petitioner has furnished all the details of ARR components as per audited accounts to arrive at the trued up gap of FY 2022-23. Regarding reference to estimated surplus of Rs. 28.62 Crore approved vide order dated 30th March, 2023, the Petitioner would like to submit that same is not comparable as it is on the basis of estimates of ED-DD and on a standalone basis for Daman and Diu area only.

Commission's View: The Commission has noted the suggestion of the stakeholder and the response of the Petitioner. The same has been dealt in Chapter 3 of this Order.

Issue 5: Anomaly in projection of Distribution Losses

The stakeholder has referred the actual losses of 1.62% and raised the issue of anomaly in respect of projection of distribution loss of 3.16% considered for FY 2023-24.

Petitioner's Response: The Petitioner submitted that as a licensee of UT of DD & DNH area, the Petitioner is bound to follow the target specified in the Transfer Scheme notified by the Hon'ble Administrator of UT of DNH & DD under Section 131 read with Section 108 and 109 of the Electricity Act, 2003. The Petitioner has considered the Distribution Loss of 3.16% for FY 2023-24 in its tariff petition in accordance with the provisions of the Transfer Scheme read with the Hon'ble Commission's Tariff Regulations.

Commission's View: The Commission has noted the suggestion of the stakeholder and the response of the Petitioner. The reconciliation of T&D losses has been carried out and is dealt in the Chapter 3 of this Order.

Issue 6: Anomaly in Interest Rates

The stakeholder has submitted that as per MYT Regulations, the rate of interest should be SBI MCLR rate as on 1st April, 2023 plus 100 basis points which works out 9.50% and not 10.50%.

Petitioner's Response: The Petitioner submitted that the rate of Interest on Working Capital is correctly worked out at 10.50% in line with Regulation 32.4 of the JERC MYT Regulations, 2021 which provides for interest rate equal to one (1) Year State Bank of India (SBI) MCLR as on 1st April of the Financial Year in which the Petition is filed plus 200 basis points.

Commission's View: This matter has been dealt in Chapter 3 of this Order.

Issue 7: Mismatch in revenue in Petition from Audited Accounts

The stakeholder has referred to the revenue shown in the Petition and revenue shown in the P&L and sought clarification for considering lower figure in petition. ED-DD has further sought bifurcation of revenue from FPPCA and regulatory surcharge during FY 2022-23.

Petitioner's Response: The Petitioner submitted that the revenue shown in P&L is on accrual basis i.e. it includes the FPPCA revenue on accrual basis on saleable Energy and other accrued Gap/(Surplus); whereas the revenue provided in the petition is computed based on billed FPPCA on actual energy sold so as to arrive at the Gap/ Surplus.

With respect to details of revenue, the Petitioner submits that it has recovered Rs. 901.62 Crore through FPPCA; whereas the revenue recovered through regulatory surcharge is Rs. 58.42 Cr. during FY 2022-23. Same is considered as a part of revenue of Rs 5896.19 Cr. shown in the Petition.

Commission's View: The Commission has dealt with the same in Chapter 3 of this Order.

Issue 8: Exorbitant increase in FPPCA charges

The stakeholder has referred to the FPPCA before and after privatization and stated that while the DNH & DD restricted the FPPCA to 10% of ABR during FY 2021-22, the FPPCA has increased by 100% within 1 year i.e. during FY 22-23.

Petitioner's Response: The Petitioner submitted that the FPPCA charges are recovered on account of variation in power purchase cost as per the approved formula of the Hon'ble Commission. The Petitioner is procuring power from the approved sources as tied up by the erstwhile entities and makes all efforts to optimize the power purchase cost Post takeover of the operations from 1st April, 2022, the Petitioner has received the supplementary bills of about Rs. 145 Cr pertaining to past periods from generators i.e.NTPC and NPCIL and about Rs. 65 Cr from CTU towards transmission charges pertaining to past periods. Also, overall fuel / power purchase costs have started increasing due to various geo-political and shortage of coal in domestic & international market from Q4 (21-22) and accordingly, the FPPCA of Elect Dept of DD was also increased to Rs. 1.65 per unit. It may kindly be noted that due to exceptional circumstances, Central Govt has also issued direction to all generating companies for utilization of imported coal to overcome the shortage of domestic coal. All these have contributed to higher power purchase cost and in turn, higher FPPCA. In fact, due to efforts made by Petitioner, the impact of all these factors on Power Purchase cost has been mitigated.

Commission's View: The stakeholder is requested to note the submission of the Petitioner.

Issue 9: Higher Capital Expenditure

The stakeholder has referred to the capex proposed by the Petitioner for Power Supply Centre and Call Centre and stated that the said capex includes cost of land. ED-DD has stated that the UT Administration has already rented office buildings, store, laboratory, and complaint centres in DNH and DD to DNHDDPDCL and that the Petitioner should place the proposal before the UT Administration for any requirement of buildings for making arrangements instead of procurement of land privately. Hence, the proposal should be dropped.

Petitioner's Response: The Petitioner submitted that being a Distribution Licensee, DNHDD PDCL is required to ensure reliability of the Network and efficient operations for better consumer services. Accordingly, it has proposed necessary infrastructure. As regards suggestion to approach UT administration for any requirement of building / land, it may kindly be noted that creation of essential infrastructure like PSC/ Call Centre requires long term planning and certainty. At the time of commencing Operations, UT of DNH and DD has extended support to DNHDD PDCL by allowing DNHDD to continue to use existing space. The Petitioner has requested to extend the support for further period of 3 Years and in turn, the confirmation received from DNH PCL. However, confirmation from ED DD is still awaited. It may kindly be noted that space provided by erstwhile entities / UT Govt is about 50% of the total requirement. However, there is no commitment or clarity in terms of tenure and rent for long term lease by ED-DD / DNHDD PCL. As on date, the Petitioner has already taken premises/ space on rent of about ~1.3 Lac sq.ft (about 13,000 Sq Yds) area from Private parties since the available space for offices and customer care are limited. It is also worth noting that ED-DD has earlier provided space at Gandhipara, at Diu. However, the Petitioner was asked to vacate in 12 Months and accordingly, same was vacated in March 2023. The existing agreements also provides for vacation of premises by serving notice of 2 months. Hence, as there is no certainty about availability of space for office/ customer centres/ Storage / Power supply centres/ Meter testing Laboratory. Upon receipt of confirmation and clarity for long term lease and rent of existing assets from ED-DD / DNHDD PCL, the Petitioner will submit the revised capex plan.

Further, it is also important to note that more than 50% of premises allotted by ED-DD/ DNHDD PCL either require repairing or are about to complete residual life. In fact, more than 20% of premises are unsafe and require immediate attention.

Regarding the cost of land, the Petitioner submits that it is always preferable that Govt of UT or ED-DD / DNHDD PCL provides land on long term lease at token rent so that CAPEX can be further optimized. The Petitioner will approach the Govt of UT for making the space available at token/ subsidized rate. In case such land is made available to the Petitioner, it shall revise the cost of land, wherever applicable. The Petitioner appreciates the willingness of ED-DD / DNHDD PCL and will await for clarity of rate and tenure for providing space and premises.

Commission's View: The Commission has noted the suggestion of the stakeholder and this issue has been dealt in Chapter 4 & 5 of this Order.

Issue 10: Capital Expenditure for 33kV Network to be disallowed

The stakeholder has contended that DNHDDPDCL is not authorized to carry out planning or any capex pertaining to 33 kV and above network and the proposal for the same should be dropped. ED-DD has referred to the Transfer Scheme and the JERC Tariff Order dated 1st November, 2010 of petition no. 13/2010.

Petitioner's Response: The Petitioner submitted that the present capex proposal for 33 kV and above in line with its earlier proposal submitted in last year's tariff petition and the Hon'ble Commission's order thereon. Further, it may kindly be noted that Electricity Dept had raised similar objection during the last tariff proceedings and the Hon'ble Commission has already dealt with the objection in its Tariff Order dated 01.08.2023.. Hence, the issue raised by ED DD that the Petitioner is not authorized to incur capex for creating 33 kV and above network is no longer res integra.

Further, DNHDD PCL and EDDD representatives had also attended the hearing related to 33 kV & above capex petition (Case No. 121 of 2024) on 31st January, 2024 and made their submissions before the Hon'ble Commission. In turn, the Hon'ble Commission has issued the necessary directions to DNHDDPCL to submit its Report so as to avoid any duplication of assets w.r.t "APPROVED SCHEMES" in the interest of the Consumers. However, no such Scheme having duplication is highlighted by DNHDD PCL/ ED-DD. Thus, the above amply clarifies the concerns raised in respect of capex of 33 kV and above voltage level.